

1 BRETT A. AXELROD, ESQ.
 2 Nevada Bar No. 5859
 3 JEANETTE E. MCPHERSON, ESQ.
 4 Nevada Bar No. 5423
 5 NICHOLAS A. KOFFROTH, ESQ.
 6 Nevada Bar No. 16264
 7 ZACHARY T. WILLIAMS, ESQ.
 8 Nevada Bar No. 16023
 9 **FOX ROTHSCHILD LLP**
 10 1980 Festival Plaza Drive, Suite 700
 11 Las Vegas, Nevada 89135
 12 Telephone: (702) 262-6899
 13 Facsimile: (702) 597-5503
 14 Email: baxelrod@foxrothschild.com
 15 jmcpherson@foxrothschild.com
 16 nkoffroth@foxrothschild.com
 17 zwilliams@foxrothschild.com
 18 *Counsel for Debtor*

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FOX ROTHSCHILD LLP
 1980 Festival Plaza Drive, Suite 700
 Las Vegas, Nevada 89135
 (702) 262-6899
 (702) 597-5503 (fax)

12 **UNITED STATES BANKRUPTCY COURT**

13 **DISTRICT OF NEVADA**

14 In re

15 Case No. BK-23-10423-MKN

16 CASH CLOUD, INC.,
 17 dba COIN CLOUD

18 Chapter 11

19 Debtor.

20
 21 **DECLARATION OF CHRISTOPHER
 22 ANDREW MCALARY IN SUPPORT OF
 23 DEBTOR'S MOTION FOR ENTRY OF
 24 ORDER APPROVING PROCEDURES FOR
 25 REJECTION OF EXECUTORY
 26 CONTRACTS AND UNEXPIRED LEASES
 27 AND DISPOSAL OF CERTAIN PERSONAL
 28 PROPERTY INCLUDING STAY RELIEF
 AND/OR ABANDONMENT**

29 Hearing Date: April 20, 2023

30 Hearing Time: 10:30 a.m.

31
 32 I, Christopher Andrew McAlary, declare as follows:

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 34 1. I am the Chief Executive Officer of Cash Cloud, Inc. dba Coin Cloud (the "Debtor"
 35 or "Cash Cloud"), debtor and debtor in possession in the above captioned chapter 11 case (the
 36 "Chapter 11 Case").

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 38 2. Except as otherwise indicated herein, this Declaration is based upon my personal

1 knowledge. I am over the age of 18 and am mentally competent. If called upon to testify, I would
 2 testify competently to the facts set forth in this Declaration.¹ I make this Declaration in support of
 3 the Debtor's Motion For Entry Of Order Approving Procedures For Rejection Of Executory
 4 Contracts And Unexpired Leases And Disposal Of Certain Personal Property Including Stay Relief
 5 And/Or Abandonment ("Motion").

6 3. On February 7, 2023 (the "Petition Date"), the Debtor initiated its Chapter 11 Case
 7 by filing a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the
 8 "Bankruptcy Code").

9 4. The Debtor is authorized and intends to operate its business and manage its properties
 10 as debtor-in-possession under section 1107(a) and 1108 of the Bankruptcy Code.

11 5. I am advised by counsel that this Court has jurisdiction over this Chapter 11 Case
 12 pursuant to 28 U.S.C. §§ 157 and 1334 and venue is proper in this United States Bankruptcy Court
 13 for the District of Nevada pursuant to 28 U.S.C. §§ 1408 and 1409.

14 6. As described in greater detail in the Omnibus Declaration of Christopher Andrew
 15 McAlary in Support of Emergency First Day Motions (the "Omnibus Declaration") [ECF 19], the
 16 Debtor was formed as a Nevada corporation for the purpose of providing a platform for customers
 17 to buy and sell digital currencies through Digital Currency Machines ("DCMs") distributed across
 18 the United States. DCMs are an advanced version of the kiosks commonly referred to as Bitcoin
 19 ATMs or BTMs, that enable a consumer to both (a) buy bitcoin as well as 30+ other digital
 20 currencies with cash, and (b) sell digital currency for cash. As of December 31, 2022, the Debtor
 21 operated approximately 4,800 DCMs, or kiosks ("Kiosk(s)"), throughout the United States and
 22 Brazil, installed in some of the largest convenience, grocery and liquor store chains and prestigious
 23 malls.

24 7. To facilitate the installation of the Kiosks, Cash Cloud entered into numerous
 25 contracts (the "Contracts") or leases ("Leases") with various parties ("Counterparty" or
 26 "Counterparties") having retail locations, including convenience stores, malls, and enterprise grocery

27
 28 ¹ Unless otherwise defined herein, all terms have the meanings ascribed them in the Motion.

1 stores. The terms in the Contracts and/or Leases vary. A few Contracts pertain to a Counterparty
2 providing marketing services to the Debtor for the placement of the Kiosks. However, most of the
3 Contracts and/or Leases contain terms permitting Cash Cloud to install a Kiosk at a certain location
4 (“Location”) in exchange for compensation being given to the Counterparty. There are thousands of
5 Contracts or Leases, and the nature and amount of compensation varies and is sometimes in the
6 form of a fixed monthly rental payment or a variable portion of the profit of the Kiosk. The
7 Contracts and/or Leases typically have a 3 to a 7-year term, with automatic renewals, unless
8 terminated by either party. And, under certain “master” Contracts and/or Leases, wherein the
9 Contract or Lease governs the installation of Kiosks at multiple, different Locations (as set forth
10 within the exhibits attached thereto), the Contract or Lease contains terms that provide not only for
11 the termination of the master agreement, as a whole, but also for either the Debtor or the
12 Counterparty to terminate certain identified Locations.

13 8. As the Debtor works on restructuring its finances and operations and negotiates with
14 its creditors, and in connection with its efforts to preserve and maximize the value of its bankruptcy
15 estate through the prosecution of this Chapter 11 Case, the Debtor may no longer need to have
16 Kiosks at certain Locations. As such, and to the extent it is not beneficial to the estate for the Debtor
17 to assume and assign Contracts or Leases to a third party, it is likely the Debtor will determine, in
18 the exercise of its business judgment, that certain burdensome Contracts or Leases should be
19 rejected to avoid the Debtor’s estate accruing administrative expenses associated with such
20 Contracts or Leases. In addition, the Debtor may determine, in its business judgment, that it no
21 longer needs certain Contracts or Leases (or certain Locations that are part of a Contract or Lease)
22 for its business as a whole. The Debtor believes that the Rejection Procedures as set forth in the
23 Motion will streamline its ability to reject burdensome Contracts and Leases that no longer provide
24 a benefit to the estate, while also providing parties in interest with adequate notice of the rejection
25 of a Contract or a Lease and an opportunity to object to such relief within a reasonable time period.
26 Absent the relief requested, filing a motion and scheduling a hearing for the rejection of each
27 Contract and Lease and addressing related issues of stay relief and/or abandonment would result in
28 substantial costs to, and impose administrative burdens on, the Debtor’s estate, in addition to the

1 burden such approach would place on the Court's docket and calendar. As such, the proposed
 2 Rejection Procedures are appropriate and necessary to limit the costs and administrative burdens
 3 that otherwise would be borne by the Debtor's estate.

4 9. The Debtor submits that any Contract or Lease, or any certain Location contained
 5 therein, that it seeks to reject pursuant to the Rejection Procedures will be one that is financially
 6 burdensome and unnecessary to the Debtor's operations. Moreover, before rejecting any of the
 7 Contracts or Leases, the Debtor will have ensured that they are of inconsequential value and benefit
 8 to the Debtor's estate and the Debtor's future operations, creditors, or interest holders, are believed
 9 to not be marketable given their terms, and constitute an unnecessary drain on the Debtor's limited
 10 resources. Accordingly, rejection of the Contracts or Leases reflects the Debtor's exercise of sound
 11 business judgment.

12 10. Further, if there is property remaining at a Location subject to a rejected Contract or
 13 Lease, such as Kiosks or related property (the "Remaining Property"), the Debtor will determine
 14 how the Remaining Property should be disposed of, including whether it should be removed,
 15 abandoned, sold, or surrendered to a party that has a secured or lease interest in the Remaining
 16 Property with the automatic stay terminated.

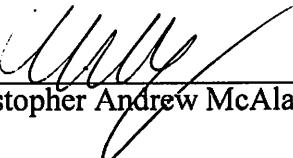
17 11. The Debtor submits that if it determines that the Remaining Property (if any) should
 18 be surrendered to a party that has a secured or lease interest in the Remaining Property and the
 19 automatic stay terminated, it will make this determination because it is not necessary for an
 20 effective reorganization and there is little or no equity in the Remaining Property. Thus, the
 21 Debtor's determination to surrender the Remaining Property to a party who has a secured or lease
 22 interest will reflect the Debtor's exercise of sound business judgment, taking into account the best
 23 interests of the Debtor, its estate, its creditors and other parties in interest. Accordingly, it is
 24 requested that if the Debtor determines that the Remaining Property should be surrendered, that the
 25 automatic stay be terminated as of the Rejection Effective Date pursuant to 11 U.S.C. § 362(d)(2).

26 12. Further, the Debtor submits that if it determines that the Remaining Property (if any)
 27 should be abandoned, it will make this determination because the Remaining Property is either
 28 burdensome to the estate, as removal and storage of the Remaining Property is likely to exceed any

1 net proceeds from this property, or is of inconsequential value and benefit to the estate. Thus, the
2 Debtor's determination to abandon will reflect the Debtor's exercise of sound business judgment,
3 taking into account the best interests of the Debtor, its estate, its creditors and other parties in
4 interest. Accordingly, it is requested that if the Debtor determines any Remaining Property should
5 be abandoned, that the Remaining Property shall be deemed abandoned as of the Rejection
6 Effective Date pursuant to 11 U.S.C. § 554.

7 I declare, under penalty of perjury of the laws of the United States of America, that the
8 foregoing statements are true and correct to the best of information, knowledge and belief.

9 Executed this 9th day of March, 2023 in Las Vegas, Nevada.

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12 Christopher Andrew McAlary
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